

## Message Text

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ORIGIN NEA-10

INFO OCT-01 AF-10 EUR-12 ISO-00 SP-02 ICA-11 AID-05  
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DRAFTED BY NEA - WDWOLLE:KMS  
APPROVED BY NEA/RA - WDOZIER  
COMM/DAS/TR - SJMARCUSS  
COMM/ITA/BED/CAGNE - JBHEARN  
NEA/RA - REDAY

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R 021659Z AUG 78  
FM SECSTATE WASHDC  
TO AMEMBASSY ABU DHABI  
AMEMBASSY ALGIERS  
AMEMBASSY AMMAN  
USINT BAGHDAD  
AMEMBASSY CAIRO  
AMEMBASSY DOHA  
AMEMBASSY JIDDA  
AMEMBASSY KHARTOUM  
AMEMBASSY KUWAIT  
AMEMBASSY MANAMA  
AMEMBASSY MUSCAT  
AMEMBASSY RABAT  
AMEMBASSY SANA  
AMEMBASSY TRIPOLI  
AMEMBASSY TUNIS  
AMCONSUL ALEXANDRIA  
AMCONSUL DHAHRAN  
INFO AMEMBASSY ATHENS  
AMEMBASSY TEL AVIV

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ATHENS FOR RTDO

E.O. 11652: N/A

TAGS: ETRD, XF, US

SUBJECT: ARAB BOYCOTT: TRADE IMPACT OF ANTI-BOYCOTT  
LEGISLATION.

1. OUR TASK OF PROMOTING EXPORTS OF US GOODS AND SERVICES TO THE IMPORTANT ARAB MARKET WAS COMPLICATED IN SEVERAL RESPECTS BY 1977 EXPORT ADMINISTRATION ACT AMENDMENTS AND THEIR IMPLEMENTING REGULATIONS OF JANUARY 1978. WHILE THE REGULATIONS HAVE BEEN IN EFFECT ONLY A SHORT TIME, STATE/COMMERCE CONSIDER IT IMPORTANT TO DEVELOP A MEASURE OF THE IMPACT OF THE EAA ANTI-BOYCOTT REGULATIONS UPON U.S. TRADE WITH THE BOYCOTTING COUNTRIES.

2. AS THERE ARE MANY VARIABLES AND CONDITIONS APART FROM BOYCOTT CONSIDERATIONS THAT MAY AFFECT TRADE RESULTS OVER ANY PERIOD OF TIME, IT IS NOT POSSIBLE TO BE PRECISE ABOUT THE TRADE IMPACT OF THE EAA AMENDMENTS. BUT FIELD POSTS ARE IN POSITION TO ACQUIRE A WIDE SELECTION OF CASE HISTORIES, DATA AND INFORMED OPINIONS TO AID IN ANALYZING THIS SUBJECT. ALREADY A NUMBER OF POSTS HAVE REPORTED

SPECIFIC INSTANCES OF BUSINESS CONTRACTS THAT APPEAR TO HAVE BEEN AFFECTED DUE TO THE EAA ANTI-BOYCOTT PROVISIONS WHICH HAVE RESTRAINED U.S. FIRMS FROM GOING ALL OUT TO SEEK NEW BUSINESS. OTHER MESSAGES HAVE SPOKEN OF POSSIBLE NEW BLACKLISTINGS BECAUSE OF INABILITY OF U.S. FIRMS TO PROVIDE INFORMATION REQUESTED BY HOST GOVERNMENTS OR LIMITED OFFICIAL USE

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THE CENTRAL BOYCOTT OFFICE IN DAMASCUS, AND ON ACCOUNT OF COMPANY DECISIONS TO REFRAIN FROM SEEKING NEW BUSINESS SIMPLY BECAUSE OF UNCERTAINTIES ABOUT RUNNING AFOUL OF THE NEW U.S. LEGISLATION. ALL THESE REPORTS ARE APPRECIATED AND ARE HELPFUL IN GAINING AN EARLY UNDER-

STANDING ABOUT THE TRADE EFFECTS OF NEW ANTI-BOYCOTT LEGISLATION.

3. APART FROM UTILITY TO STATE/COMMERCE ANALYSES, INFORMATION IS NEEDED TO ANSWER INCREASING NUMBER OF INQUIRIES FROM PRIVATE AND CONGRESSIONAL SOURCES RE TRADE IMPACT OF NEW LEGISLATION. HOPEFULLY, AS WE REFINE OUR KNOWLEDGE OF THE TRADE IMPACT, WE WILL BE ABLE TO PROMOTE A BETTER UNDERSTANDING OF THE LAW AND REGULATIONS BY THE GOVERNMENTS OF THE BOYCOTTING COUNTRIES. THIS MAY, IN TURN, HELP FOSTER FURTHER PRAGMATIC ACCOMMODATIONS ON THEIR PART TO THE RULES NOW IMPOSED ON AMERICAN COMMERCIAL FIRMS.

4. THEREFORE, ADDRESSEES ARE ASKED TO PROVIDE CABLE ASSESSMENTS OF THE IMPACT OF THE EAA AMENDMENTS UPON US TRADE AND SERVICES, AND US COMMERCIAL PARTICIPATION GENERALLY,

IN THEIR RESPECTIVE COUNTRIES OR JURISDICTIONS. WOULD APPRECIATE OVERALL SUMMARY PLUS INFORMATION ON ANY SPECIFIC CASES KNOWN TO POSTS, AS WELL AS POSTS' ASSESSMENT OF THE SOURCE OF THAT INFORMATION. IN ADDITION, WE NEED TO KNOW PRECISELY WHICH INFORMATION MAY BE PUBLICLY DISCLOSED IN RESPONSE TO CONGRESSIONAL AND OTHER INQUIRIES ABOUT THE TRADE IMPACT. WHILE WE HAVE NO PRESCRIBED FORMAT TO SUGGEST, PLEASE KEEP IN MIND THE FOLLOWING ASPECTS OF SUBJECT IN FULFILLING THIS REQUEST.

(A) WHICH SPECIFIC PROHIBITIONS UNDER THE EAA ARE HAVING THE GREATEST IMPACT ON TRADE? WHICH ONES SEEM TO BE ONLY OF MARGINAL CONSEQUENCE? WHICH ONES ARE PROVING THE MOST DIFFICULT FOR HOST GOVERNMENTS TO COMPREHEND AND TO CON-  
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SIDER ADJUSTING THEIR OWN PROCEDURES SO AS TO AVOID PENALIZING AMERICAN FIRMS?

(B) HOW WOULD YOU ASSESS THE ATTITUDES OF YOUR HOST GOVERNMENTS TOWARD ADAPTING THEIR BUSINESS PRACTICES TO THE NEW REQUIREMENTS OF US LAWS, AND THE DEGREE OF REAL PROGRESS IF ANY TOWARD THIS ACCOMMODATION?

(C) IS "UNILATERAL SELECTION" BECOMING WIDELY USED BY HOST GOVERNMENTS IN BUSINESS DEALINGS WITH US FIRMS?

(D) DOES THE DEGREE OF IMPACT OF ANTI-BOYCOTT LEGISLATION SEEM TO VARY ACCORDING TO THE RELATIVE SIZE OF THE US FIRM OR FIRMS POTENTIALLY INVOLVED IN TRANSACTIONS?

(E) WHAT, IF ANY, EARLY REACTION ARE US FIRMS OPERATING IN YOUR AREA SHOWING TO THE RECENTLY ANNOUNCED ANTI-BOYCOTT REPORTING REGULATIONS (STATE 168724)?

(F) WHAT, IF ANY, EVIDENCE IS THERE TO SUBSTANTIATE THE FEAR THAT COMPETING THIRD-COUNTRY FIRMS OR EVEN GOVERNMENTS MIGHT SPREAD FALSE ACCUSATIONS AGAINST US COMPANIES, LEADING TO BOYCOTT OFFICE QUESTIONS TO WHICH OUR LEGISLATION WOULD PROHIBIT REPLIES?

(G) ARE THE UNCERTAINTIES AND OVERLAPPING PROHIBITIONS OF US LAWS AND REGULATIONS, AND DOUBT ABOUT THEIR APPLICATION TO SPECIFIC ACTS OR OMISSIONS, IN THEMSELVES INHIBITING US EXPORTS?

(H) IN TERMS OF ACTUAL TRADE EXPERIENCE, WHAT IS THE EARLY IMPACT OF THE REVISED (JANUARY 1978) TREASURY ANTI-BOYCOTT GUIDELINES UNDER THE 1976 TAX REFORM ACT?  
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(I) CAN ANY MEANINGFUL DOLLAR ESTIMATE BE DEVELOPED  
REFLECTIVE OF THE IMPACT OUR ANTI-BOYCOTT REGULATIONS  
MAY BE HAVING ON EXPORTS OF GOODS AND SERVICES?

5. INTERIM REPORTS ARE REQUESTED BY AUGUST 15. REF-  
ERENCES MAY BE MADE TO PREVIOUS REPORTS, IF APPLICABLE,  
TO AVOID NEEDLESS REPETITION, BUT PREVIOUSLY REPORTED  
CASES SHOULD BE INCLUDED IN SUMMARY REQUESTED IN PARA 4.  
INFORMATION DEVELOPED AFTER SUBMISSION OF INTERIM REPORT  
SHOULD BE SUBMITTED ON A REGULAR, NON-SCHEDULED BASIS  
TOGETHER WITH POSTS' ANALYSIS, AS APPROPRIATE. VANCE

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## Message Attributes

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**Channel Indicators:** n/a  
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**Concepts:** ARABS, BOYCOTTS, LEGISLATIVE BILLS  
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**Draft Date:** 02 aug 1978  
**Decaption Date:** 01 jan 1960  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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